



To: All HOME & CDBG Recipients
From: IHFA Federal & State Programs
Date: February 16, 1998
Re: Life Estates

Notice: FSP-98-04

This notice is being sent to provide clarification as to whether or not a life estate interest in a property is considered homeownership for the purposes of HOME and CDBG Owner-Occupied Rehabilitation programs funded by the Indiana Housing Finance Authority (IHFA).

The program descriptions for both HOME and CDBG Owner-Occupied Rehabilitation programs state that the "occupant must own the property and occupy the property as his or her principal residence." It is the opinion of IHFA's legal counsel that a person holding a life estate is not considered a homeowner in Indiana. Persons with a life estate interest in a property are recognized and treated as a tenant for an indefinite term rather than a homeowner. Thus, a life estate interest does not satisfy the homeownership requirement for IHFA's HOME and CDBG Owner-Occupied Rehabilitation programs.

If you have any questions regarding this correspondence, contact your IHFA Compliance Specialist at (317) 232-7777 or toll-free at (800) 872-0371.

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